

# City of Detroit

## CITY COUNCIL

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TO: Robert A. Bury, Director  
Historical Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 1, 2007

RE: 2007-2008 Budget Analysis

19.

Attached is our budget analysis regarding your department's budget for the upcoming 2007-2008 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Roger Short, Finance Department Director  
Pamela Scales, Budget Department Director  
Tanya Stoudemire, Budget Department Team Leader  
Kandia Milton, Mayor's Office

## Historical Department (26)

### FY 2007-2008 Budget Analysis by the Fiscal Division

#### Summary

On March 22, 2006, the City entered into a ten-year agreement with the Detroit Historical Society (Society) to manage the operations of the Detroit Historical Museums, which include the Detroit Historical Museum, the Dossin Great Lakes Museum, and the Collections Resource Center at Historic Fort Wayne. Responsibility for the Historic Fort Wayne facility will be transferred to the Recreation Department. Under the terms of the operating agreement with the Society, the City retains ownership of all the facilities, collections, artifacts, exhibits, office furnishings and other assets and is responsible for the expenses associated with their maintenance and upkeep. The Society will manage and operate the museums and will retain all revenues from the museums' operations.

The operating agreement stipulates that the City will provide an annual operating subsidy of \$500,000 to the Detroit Historical Society for the first three years of the agreement, fiscal years 2005-2006, 2006-2007, and 2007-2008. The City could deduct any outstanding contractual obligations from the annual subsidy for fiscal year 2005-2006 or could provide a pro rata share of the subsidy to the Society. In addition, the City agreed to grant the Society access to annually budgeted capital funds for the Museums and the Collections Resource Center.

The Mayor's Proposed 2007-2008 Budget includes \$3.3 million in funding for the Detroit Historical Museums, which is comprised of the final \$500,000 subsidy for Historical Operations, \$500,000 from earning on investments, and \$2.3 million from the voter authorized \$20.02 million in general obligation bonds for capital improvements. The proposed budget includes \$327,912 in the Recreation Department's appropriation for operation of Historic Fort Wayne.

<u>Appropriation/Program</u>	<u>Budgeted</u>	<u>Filled</u>	<u>Mayor's</u>	<u>Over/(Under)</u>	<u>Mayor's</u>
	<u>Positions</u>	<u>Positions</u>	<u>Budget</u>	<u>Actual to</u>	<u>Recommended</u>
	<u>FY 2006-07</u>	<u>3/31/2007</u>	<u>FY 2007-08</u>	<u>06/07 Budget</u>	<u>Turnover</u>
<b>Historical (26):</b>					
260010 Administration	0	4	0	4	\$ -
260310 Maintenance	0	0	0	0	\$ -
260320 Education & Interpretation	0	1	0	1	\$ -
260330 Dossin Museum	0	0	0	0	\$ -
260340 Fort Wayne Museum	0	0	0	0	\$ -
<b>00082 Main Museum &amp; Admin.</b>	<b><u>0</u></b>	<b><u>5</u></b>	<b><u>0</u></b>	<b><u>5</u></b>	<b><u>\$ -</u></b>
<b>TOTAL</b>	<b><u>0</u></b>	<b><u>5</u></b>	<b><u>0</u></b>	<b><u>5</u></b>	<b><u>\$ -</u></b>

#### Significant Changes in Funding by Appropriation

##### Approp. Program

12162	Historical Operations	The Mayor's 2007-2008 Proposed Budget includes the final \$500,000 operating subsidy that is required
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by the agreement with the Detroit Historical Society.

12163      Historical      The Mayor's 2006-2007 Proposed Budget includes  
Capital (Bonds)      \$2.8 million for Capital Improvements at the Main  
Museum.

**Historical (26)**

Budgeted Professional and <u>Contractual Services by Activity</u>	FY 2005-06 <u>Budget</u>	FY 2006-07 <u>Recommended</u>	Increase <u>(Decrease)</u>
Main Museum & Administration	\$ 108,936	\$ -	(108,936)
<b>Total</b>	<b><u>\$ 108,936</u></b>	<b><u>\$ -</u></b>	<b><u>(108,936)</u></b>

Issues and Questions

1. What capital improvements are currently in process at the Museums?
2. What is the timeframe for completion of the capital improvements?
3. Does the Museum have any outreach initiatives specifically targeted to increase attendance to the Museum, especially by Detroit residents?
4. Describe your current fundraising efforts.